

CITY COUNCIL OF THE CITY OF ANNAPOLIS

ORDINANCE NO. O-25-05

Introduced by Mayor Moyer

LEGISLATIVE HISTORY			
First Reader:	Public Hearing:	Fiscal Impact Note:	120 Day Rule:
6/16/05	6/22/05	6/20/05	10/11/05
Referred to:	Meeting Date:	Action Taken:	
Finance	7/11/05	Favorable	

AN ORDINANCE concerning

Issuance of Bonds

FOR the purpose authorizing and empowering the City of Annapolis to issue and sell, upon its full faith and credit, Fifteen Million Dollars (\$15,000,000) maximum aggregate principal amount of its serial maturity general obligation, fully registered bonds, pursuant to the authority of Sections 31 through 37, inclusive, of Article 23A of the Annotated Code of Maryland (2001 Replacement Volume), as amended, Section 24 of Article 31 of the Annotated Code of Maryland (1997 Replacement Volume and 2001 Supplement) and Article VII, Section 11, of the Charter of the City of Annapolis, as amended, to be designated as "Public Improvements Bonds, 2005 Series", said bonds to be issued and sold for the public purpose of financing certain capital projects of the City of Annapolis; and all matters generally relating to the issuance of bonds. .

RECITALS

Sections 31 to 37, inclusive, of Article 23A of the Annotated Code of Maryland (2001 Replacement Volume and 2004 Supplement) (the "Enabling Act") and Article VII, Section 11, of the Charter of the City (the "Charter"), authorize the City to borrow money and incur indebtedness through the issuance of general obligation bonds of the City for any proper public purpose.

The City has determined to issue its general obligation bonds for the public purpose of financing the costs of the construction, renovation, installation, improvement, redevelopment, replacement and repair of the water system, public safety buildings, public garage facilities, public vehicles and certain roads, public works and other general governmental projects, as follows (collectively, the "Projects"):

<u>Project Number</u>	<u>Project</u>	<u>Bond Funding</u>
220	Police Addition	\$10,193,850
449	Forest Dr Sidewalk & Road Con	1,344,250
558	Vehicle Replacement	393,500
942	Clearwell Replacement	689,300
933	Market House Renovations	860,900
999	Knighton Garage	1,518,200

NOW THEREFORE:

SECTION 1: BE IT ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY COUNCIL that, acting pursuant to the authority of the Enabling Act and the Charter, the City hereby determines that the net proceeds from the sale of its Public Improvements Bonds, 2005 Series, authorized to be issued and sold by this Ordinance, shall be used and applied for the public purposes of (a) financing the costs of the construction, renovation, installation, improvement, redevelopment, replacement and repair of the Projects, with appurtenant furnishings, fixtures, and equipment, together with the acquisition and development of land and property rights, and all planning, engineering, architectural, fiscal and legal expenses related thereto; and (b) paying the costs of issuing the Bonds.

SECTION 2: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY COUNCIL that it is hereby determined that the City shall borrow money and incur indebtedness for the purposes set forth in the Recitals and Section 1 of this Ordinance. To evidence such borrowing and indebtedness and acting pursuant to the authority of the Enabling Act and the Charter, the City shall issue and sell, upon its full faith and credit, its general obligation, fully registered bonds in aggregate principal amount not to exceed Fifteen Million Thousand Dollars (\$15,000,000), said issue of Bonds to be known as "Public Improvements Bonds, 2005 Series," (the "Bonds"), the net proceeds of such sale to be used and applied as provided in this Ordinance. The City shall levy and collect ad valorem taxes upon all taxable property within the City of Annapolis in rate and amount sufficient to pay the principal of and interest on the Bonds.

SECTION 3: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY COUNCIL, that the Bonds shall be dated as of the first day of the month in which the Bonds are issued, shall be in denominations of \$5,000 and integral multiples thereof and shall be numbered from one (1) consecutively upward in the order of their maturities, with each such number being prefixed by the letter "R-". The Bond Registrar (hereinafter described) may make such additional provision for numbering, including additional prefixes and suffixes, as it may deem appropriate. Based on an

aggregate principal amount of \$15,000,000, the Bonds shall mature, subject to their prior redemption according to provisions of this Ordinance, on August 1 in each of the years 2006 through 2025, inclusive, as set forth below:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>
2006	\$545,000	2016	\$ 740,000
2007	560,000	2017	765,000
2008	575,000	2018	795,000
2009	590,000	2019	820,000
2010	610,000	2020	855,000
2011	630,000	2021	885,000
2012	645,000	2022	920,000
2013	670,000	2023	960,000
2014	690,000	2024	995,000
2015	715,000	2025	1,035,000

The Mayor, upon consultation with the Finance Director, may determine to issue the Bonds in an aggregate principal amount less than \$15,000,000. If the Mayor makes such determination, she is hereby authorized to reduce proportionately the principal amount of each maturity shown above or to make such other changes to the principal amount of each maturity shown above to conform with recommendations of the financial advisor to the City, and to include such revised amounts in the Notice of Sale and official statement described herein. In addition, the Mayor may make such changes to the principal amount of each maturity shown above to conform with recommendations of the financial advisor to the City.

SECTION 4: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE ANNAPOLIS CITY COUNCIL, that the Bonds which mature on or before August 1, 2015 shall not be subject to redemption prior to their maturities. The Bonds which mature on or after August 1, 2016 shall be subject to redemption prior to their maturities on or after August 1, 2015, at the option of the City, either as a whole or in part at any time, in any order of maturities selected by the City, at par, together with interest accrued to the date fixed for redemption. The Mayor may make such changes to the redemption provisions for the Bonds to conform with recommendations of the financial advisor to the City.

If less than all of the Bonds of any one maturity of this issue shall be called for redemption, the Bonds to be redeemed shall be selected by lot by the Bond Registrar in such manner as, in its sole discretion, it shall determine.

When less than all of a Bond in a denomination in excess of \$5,000 shall be so redeemed, then upon the surrender of such Bond, there shall be issued to the registered owner thereof, without charge, for the unredeemed balance of the principal

1 amount of such Bond, at the option of such owner, Bonds in any of the authorized
2 denominations, the aggregate face amount of such Bonds not to exceed the
3 unredeemed balance of the Bond so surrendered, and to bear the same interest rate
4 and to mature on the same date as said unredeemed balance.

5 If, in accordance with the foregoing option, the City elects to redeem all or a portion of
6 the outstanding Bonds, it will give a redemption notice by first-class mail, postage
7 prepaid, at least thirty (30) days prior to the redemption date to the registered owners
8 appearing on the registration books kept by the Bond Registrar; provided, however, that
9 the failure to mail the redemption notice or any defect in the notice so mailed or in the
10 mailing thereof shall not affect the validity of any redemption proceedings. The
11 redemption notice shall state (i) whether the Bonds are to be redeemed in whole or in
12 part and, if in part, the maturities and numbers of the Bonds to be redeemed, (ii) the
13 date fixed for redemption and the redemption price or prices, (iii) that the Bonds to be
14 redeemed shall be presented for redemption at the principal corporate trust office of the
15 Paying Agent (hereinafter described), and (iv) that the interest on the Bonds called for
16 redemption shall cease to accrue on the date fixed for redemption.

17 From and after the date fixed for redemption, if notice has been duly and properly given
18 and if funds sufficient for the payment of the redemption price of the Bonds called for
19 redemption plus accrued interest due thereon are available on such date, the Bonds so
20 called for redemption shall become due and payable at the redemption price or prices
21 provided for redemption of such Bonds on such date, interest on the Bonds shall cease
22 to accrue and the registered owners of the Bonds so called for redemption shall have no
23 rights in respect thereof except to receive payment of the redemption price plus accrued
24 interest to the date fixed for redemption. Upon presentation and surrender of a Bond
25 called for redemption in compliance with the redemption notice, the Paying Agent shall
26 pay the redemption price of such Bond plus accrued interest thereon to the date fixed
27 for redemption. If Bonds so called for redemption are not paid upon presentation and
28 surrender as described above, such Bonds shall continue to bear interest at the rates
29 stated therein until paid.

30
31 **SECTION 5: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
32 **ANNAPOLIS CITY COUNCIL**, that all of the Bonds authorized by this Ordinance shall
33 bear interest at the interest rate or rates fixed at the time of sale of the Bonds in
34 accordance with the provisions of this Ordinance as hereinafter provided. Each Bond
35 shall bear interest from the interest payment date next preceding the date on which it is
36 authenticated, unless authenticated upon an interest payment date, in which event it
37 shall bear interest from such interest payment date, or unless authenticated prior to the
38 first interest payment date, in which event it shall bear interest from the date of the
39 Bonds; provided, however, that if at the time of authentication of any Bond interest is in
40 default, such Bond shall bear interest from the date to which interest has been paid.
41 The interest on all Bonds shall be paid on February 1, 2006, and semi-annually

1 thereafter on the first day of August and February of each year in which any Bonds may
2 be outstanding.

3
4 All Bonds shall be executed in the name of the City and on its behalf by the Mayor of
5 the City (the "Mayor"). The signature of the Mayor shall be imprinted on such Bonds
6 manually or by facsimile, and the corporate seal or a facsimile of the corporate seal of
7 the City shall be imprinted on the Bonds, attested by the manual or facsimile signature
8 of the Clerk of the City, all (if by facsimile) in accordance with Sections 2-301 through 2-
9 305, inclusive, of the State Finance and Procurement Article of the Annotated Code of
10 Maryland (2001 Replacement Volume and 2004 Supplement).

11
12 In the event any official whose signature shall appear on the Bonds shall cease to be
13 such official prior to the delivery of the Bonds or in the event any such official whose
14 signature shall appear on the Bonds shall have become such after the date of issuance
15 thereof, the Bonds shall nevertheless be valid and legally binding obligations of the City
16 in accordance with their terms.

17
18 All Bonds shall be issuable as fully registered Bonds without coupons and shall be
19 registered in the name or names of the owner or owners thereof, on books kept for such
20 purpose at the principal corporate trust office of the Bond Registrar. Payment of the
21 principal of and interest on the Bonds shall be made to the person appearing on the
22 registration books maintained by the Bond Registrar as the registered owner thereof,
23 such principal to be payable at the principal corporate trust office of the Paying Agent
24 upon presentation and surrender of such Bonds as the same become due and payable,
25 and such interest to be payable by electronic funds transfer or check mailed by the
26 Paying Agent to the persons in whose names the Bonds are registered on the regular
27 record date, which shall be the fifteenth (15th) day of the month next preceding the
28 month in which each regular interest payment date occurs (the "Regular Record Date"),
29 at the registered owner's address as shown on the registration books maintained by the
30 Bond Registrar. Manufacturers and Traders Trust Company is hereby appointed to be
31 the Bond Registrar and Paying Agent. The Mayor or the Finance Director is authorized
32 to negotiate and to execute and deliver a written agreement or agreements with the
33 Bond Registrar and Paying Agent as either of them may deem necessary or
34 appropriate.

35
36 Any interest on any Bond which is payable but is not punctually paid or provision for the
37 payment of which has not been made ("Defaulted Interest") shall forthwith cease to be
38 payable to the registered owner on the relevant Regular Record Date solely by virtue of
39 such registered owner having been such registered owner; and such Defaulted Interest
40 may be paid by the City, at its election in each case, as provided in paragraph (1) or (2)
41 below:
42

(1) The City may elect to make payment of any Defaulted Interest on the Bonds to the persons in whose names the Bonds are registered at the close of business on a record date for the payment of such Defaulted Interest (the "Special Record Date"), which shall be fixed in the following manner. The City shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on the Bonds and the date of the proposed payment (which date shall be such as will enable the Paying Agent to comply with the next sentence hereof), and at the same time the City shall deposit or cause to be deposited with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Paying Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as provided in this paragraph. Thereupon the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than fifteen (15) nor less than ten (10) days prior to the date after the receipt by the Paying Agent of the notice of the proposed payment. The Paying Agent shall promptly notify the City of such Special Record Date and, in the name of the City, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed first class, postage prepaid, to each registered owner at his address as it appears in the registration books maintained by the Bond Registrar not less than ten (10) days prior to such Special Record Date. The Paying Agent may, in its discretion, in the name of the City, cause a similar notice to be published at least once in a newspaper of general circulation in each of Baltimore, Maryland, and New York, New York, but such publication shall not be a condition precedent to the establishment of such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as described above, such Defaulted Interest shall be paid to the registered owners of the Bonds as of the close of business on such Special Record Date.

(2) The City may make payment of any Defaulted Interest in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Bonds may be listed, and upon such notice as may be required by such exchange, if, after notice given by the City to the Paying Agent of the proposed payment pursuant to this paragraph, such payment shall be deemed practicable, and approved in writing, by the Paying Agent.

Except as provided hereinafter or in ordinances or resolutions of the City adopted prior to the issuance and delivery of the Bonds, all Bonds shall be substantially in the following form, with appropriate insertions as therein indicated, which form and all of the covenants therein contained are hereby adopted by the City as and for the form of obligation to be incurred by the City, and such covenants and conditions are hereby made binding upon the City, including the promise to pay therein contained:

(FORM OF BOND)

REGISTERED

REGISTERED

No. R-____

\$

UNITED STATES OF AMERICA

STATE OF MARYLAND

CITY OF ANNAPOLIS, MARYLAND
PUBLIC IMPROVEMENTS BOND, 2005 SERIES

Interest Rate

Dated Date

Maturity Date

CUSIP

August 1, 2005

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT:

Dollars

City of Annapolis (the "City"), a municipal corporation created and existing under the laws of the State of Maryland, hereby acknowledges itself indebted and, for value received, promises to pay to the Registered Owner shown above or registered assigns or legal representatives on the Maturity Date shown above (unless this Bond shall be redeemable, shall have been called for prior redemption and payment of the redemption price made or provided for), the Principal Amount shown above or so much thereof as shall not have been paid upon prior redemption, in any coin or currency which, at the time of payment, is legal tender for the payment of public and private debts upon presentation and surrender of this Bond on the date such principal is payable or, if such date is not a Business Day (hereinafter defined), then on the next succeeding Business Day, at the principal corporate trust office of Manufacturers and Traders Trust Company (the "Paying Agent"), and to pay to the registered owner hereof by check or draft, mailed to such registered owner at his address as it appears on the registration books (the "Bond Register") maintained by Manufacturers and Traders Trust Company (the "Bond Registrar"), interest on such principal amount at the Interest Rate per annum shown above until payment of such principal amount, or until the prior redemption hereof, such interest being payable on February 1, 2006, and semi-annually thereafter on the first days of August and February in each year, in like coin or currency, to the registered owner in whose name this Bond is registered on the Bond Register as of the close of business on the regular record date, which shall be the fifteenth (15th) day of the month next preceding each regular interest payment date (the "Regular Record Date"), and shall be made by electronic funds transfer or check mailed by the Paying Agent to such person at such person's address as it appears on the Bond Register.

Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner on the Regular Record Date, and may be paid to the person in whose name this Bond is registered at the close of business on a date fixed by the Paying Agent for such defaulted interest payment (the "Special Record Date"), notice of which is given to the registered owner hereof not less than ten (10) days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirement of any securities exchange on which the Bonds of this series may be listed and upon such notice as may be required by such exchange.

"Business Day" means a day other than a Saturday, Sunday or day on which banking institutions under the laws of the state governing the Paying Agent are authorized or obligated by law or required by executive order to remain closed.

The full faith and credit and unlimited taxing power of the City are hereby irrevocably pledged to the prompt payment of the principal of and interest on this Bond according to its terms, and the City does hereby covenant and agree to pay the principal of this Bond and the interest thereon, at the dates and in the manner mentioned herein, according to the true intent and meaning thereof.

This Bond is one of a duly authorized issue of general obligation bonds of the City aggregating Fifteen Million Dollars (\$15,000,000) in principal amount, which are in denominations of \$5,000 and integral multiples thereof and mature serially in installments on the first day of August in each of the years 2006 to 2025, inclusive, and bear interest as follows:

<u>Year of</u> <u>Maturity</u>	<u>Principal Amount</u>	<u>Year of</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>
2006	\$545,000	2016	\$ 740,000
2007	560,000	2017	765,000
2008	575,000	2018	795,000
2009	590,000	2019	820,000
2010	610,000	2020	855,000
2011	630,000	2021	885,000
2012	645,000	2022	920,000
2013	670,000	2023	960,000
2014	690,000	2024	995,000
2015	715,000	2025	1,035,000

The Bonds are numbered from one (1) consecutively upwards prefixed by the letter "R" and are of like tenor and effect except as to maturity, number, interest rate, denomination and redemption provisions, and are issued pursuant to and in full conformity with the provisions of Sections 31 to 37, inclusive, of Article 23A of the Annotated Code of Maryland (2001 Replacement Volume and 2004 Supplement) and Article VII, Section 11, of the Annapolis City Charter and by virtue of due proceedings

1 had and taken by the Aldermen of the City of Annapolis, particularly an Ordinance
2 adopted on the 11th day of July, 2005 (approved July 25, 2005) (the "Ordinance").
3

4 The Bonds which mature on or before August 1, 2015 are not subject to redemption
5 prior to their maturities. The Bonds which mature on or after August 1, 2016 are subject
6 to redemption prior to their maturities on or after August 1, 2015 at the option of the City
7 either as a whole or in part at any time in any order of maturities at the option of the
8 City, at par, together with interest accrued to the date fixed for redemption.

9 If less than all of the Bonds of any one maturity of this issue shall be called for
10 redemption, the Bonds to be redeemed shall be selected by lot by the Bond Registrar in
11 such manner as, in its discretion, it shall determine.
12

13 When less than all of a Bond in a denomination in excess of \$5,000 shall be so
14 redeemed, then upon the surrender of such Bond, there shall be issued to the
15 registered owner thereof, without charge, for the unredeemed balance of the principal
16 amount of such Bond, at the option of such owner, Bonds in any of the authorized
17 denominations, the aggregate face amount of such Bonds not to exceed the
18 unredeemed balance of the Bond so surrendered, and to bear the same interest rate
19 and to mature on the same date as such unredeemed balance.
20

21 If the City elects to redeem all or a portion of the outstanding Bonds, it shall give a
22 redemption notice by first-class mail, postage prepaid, at least thirty (30) days prior to
23 the date fixed for redemption to each registered owner appearing on the books kept by
24 the Bond Registrar; provided, however, that the failure to mail such notice or any defect
25 in the notice so mailed or in the mailing thereof shall not affect the validity of the
26 redemption proceedings. The redemption notice shall state (i) whether the Bonds are to
27 be redeemed in whole or in part and, if in part, the maturities and numbers of the Bonds
28 to be redeemed, (ii) the date fixed for redemption and the redemption price or prices,
29 (iii) that the Bonds to be redeemed shall be presented for redemption at the principal
30 office of the Paying Agent and (iv) that the interest on the Bonds so called for
31 redemption shall cease to accrue on the date fixed for redemption.
32

33 From and after the date fixed for redemption, if notice has been duly and properly given
34 and if funds sufficient for the payment of the redemption price of the Bonds called for
35 redemption plus accrued interest due thereon are available on such date, the Bonds so
36 called for redemption shall become due and payable at the redemption price or prices
37 provided for redemption of such Bonds on such date, interest on the Bonds shall cease
38 to accrue and the registered owners of the Bonds so called for redemption shall have no
39 rights in respect thereof except to receive payment of the redemption price plus accrued
40 interest to the date fixed for redemption. Upon presentation and surrender of a Bond
41 called for redemption in compliance with the redemption notice, the Paying Agent shall
42 pay the redemption price of such Bond plus accrued interest thereon to the date fixed

1 for redemption. If Bonds so called for redemption are not paid upon presentation and
2 surrender as described above, such Bonds shall continue to bear interest at the rates
3 stated therein until paid.
4

5 This Bond is transferable only upon the registration books kept at the principal office of
6 the Bond Registrar, by the registered owner hereof in person, or by its attorney duly
7 authorized in writing, upon surrender hereof together with a written instrument of
8 transfer in the form attached hereto and satisfactory to the Bond Registrar duly
9 executed by the registered owner or its duly authorized attorney, and thereupon, within
10 a reasonable time, the City shall issue in the name of the transferee a new registered
11 Bond or Bonds of any authorized denominations in aggregate principal amount equal to
12 the principal amount of this Bond or the unredeemed portion hereof, and maturing on
13 the same date and bearing interest at the same rate. Said new Bond or Bonds shall be
14 delivered to the transferee only after payment of any tax or governmental charge
15 required to be paid with respect to, and any shipping expenses or insurance relating to,
16 such transfer and only after due authentication thereof by an authorized officer of the
17 Bond Registrar. The City shall not be required to issue, transfer or exchange any Bond
18 during the period beginning fifteen (15) days before any selection of Bonds to be
19 redeemed and ending on the day of publication and mailing of the notice of redemption
20 or to transfer or exchange any Bond called or being called for redemption in whole or in
21 part. The City may deem and treat the person in whose name this Bond is registered as
22 the absolute owner hereof for the purpose of receiving payment of or on account of the
23 principal or redemption price hereof and interest due hereon and for all other purposes.
24 It is hereby certified and recited that all conditions, acts and things required by the
25 Constitution or statutes of the State of Maryland, the Charter of the City and the
26 Ordinance to exist, to have happened or to have been performed precedent to or in the
27 issuance of this Bond, exist, have happened and have been performed, and that the
28 issue of Bonds of which this is one, together with all other indebtedness of the City, is
29 within every debt and other limit prescribed by such Constitution or statutes or Charter,
30 and that due provision has been made for the levy and collection of an ad valorem tax
31 or taxes, to the extent necessary, upon all legally assessable property within the
32 corporate limits of the City in rate and amount sufficient to provide for the payment,
33 when due, of the principal of and interest on this Bond.
34

35 This Bond shall not be valid or become obligatory for any purpose until this Bond shall
36 have been authenticated by an authorized officer of the Bond Registrar.

1 IN WITNESS WHEREOF, this Bond has been executed by the [manual/facsimile]
2 signature of the Mayor of the City, which signature has been imprinted hereon and [a
3 facsimile of] the corporate seal of the City has been imprinted hereon, attested by the
4 [manual/facsimile] signature the Clerk of the City, as of the ____ day of ____, 2005.
5

6 [FACSIMILE SEAL]

CITY OF ANNAPOLIS

7
8
9
10 ATTEST:

By:

11 _____

Mayor

12
13
14 Clerk

15 **CERTIFICATE OF AUTHENTICATION**

16
17 The undersigned hereby certifies that this Bond is one of the registered Bonds of City of
18 Annapolis Public Improvements Bonds, 2005 Series.
19

20
21 _____,
22 Bond Registrar
23

24
25 By: _____,
26 Authorized Officer
27

28 Date of Authentication:
29
30

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

(Please Print or Type Name and Address of Assignee)
the within Bond and all rights thereunder, and hereby irrevocably does constitute and
appoint

to transfer the within Bond on books kept for the registration thereof, with full power of
substitution in the premises.

Dated: _____

(Signature of Registered Owner)

In the
presence of:

Notice: The signature to this assignment must correspond with the name of the
Registered Owner as it appears upon the face of the within Bond in every particular,
without alteration or enlargement or any change whatever.

[illegible]

1 **SECTION 6: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
2 **ANNAPOLIS CITY COUNCIL**, that the Bonds authorized to be issued by this Ordinance
3 shall be substantially in the form set forth in Section 5 hereof, except that the Mayor
4 may make such modifications in such form as will not alter the substance and as she
5 may deem necessary or desirable.
6

7 **SECTION 7: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
8 **ANNAPOLIS CITY COUNCIL**, that, unless the Mayor and City Council by resolution
9 determine some other method of sale to be in the best interest of the City, all of the
10 Bonds authorized by this Ordinance shall be sold in accordance with the provisions of
11 the Notice of Sale (as hereinafter appears), and such procedure is hereby determined to
12 be in the public interest. The sale shall be conducted by either the Mayor or the
13 Finance Director of the City on August 11, 2005 or on such other date as may be
14 selected by the Mayor.
15

16 The Finance Director of the City is hereby authorized and directed to make all
17 necessary arrangements for the tabulation and comparison of the electronic bids
18 received, including the employment of specially qualified personnel, if necessary, so
19 that the officer conducting the sale will be able promptly to determine the bid which
20 produces the lowest true interest cost for the Bonds sold.
21

22 The Mayor and the Finance Director are hereby authorized to prepare and distribute a
23 preliminary official statement and an official statement in connection with the sale of the
24 Bonds.
25

26 The Notice of Sale shall be substantially in the following form, with the insertions therein
27 indicated. The complete text of the Notice of Sale shall be included in the preliminary
28 official statement and official statement distributed in connection with the sale of the
29 Bonds. The terms and conditions stated in the Notice of Sale are hereby adopted and
30 approved as the terms and conditions under which and the manner in which the Bonds
31 shall be sold, issued and delivered subject to such insertions, alterations, additions or
32 deletions as the Mayor or the Finance Director may deem advisable due to financial or
33 market conditions prevailing at the time. Without limiting the generality of the foregoing,
34 the Mayor or the Finance Director is authorized to obtain a policy of municipal bond
35 insurance with respect to the Bonds and, if a commitment for the issuance of such a
36 policy of insurance is acquired, an appropriate reference to such commitment may be
37 inserted in the Notice of Sale and in the form of Bond set forth in Section 5.

NOTICE OF SALE

\$15,000,000
CITY OF ANNAPOLIS, MARYLAND
PUBLIC IMPROVEMENTS BONDS
2005 SERIES

(Dated August 1, 2005)

Electronic bids via **PARITY**
will be received until 11 o'clock A.M., local Baltimore, Maryland Time, on
August 11, 2005, or such other date as may be selected by the Mayor

Electronic bids via **PARITY** will be received at the Offices of City of Annapolis, located at the Municipal Building, 160 Duke of Gloucester Street, Annapolis, Maryland 21401, for the purchase of the above-described bonds aggregating \$15,000,000. The Bonds will be dated August 1, 2005, and bear interest payable semi-annually beginning on February 1, 2006 and thereafter on the first days of August and February until maturity or redemption. The Public Improvements Bonds, 2005 Series will be issued under the authority of Sections 31 to 37, inclusive, of Article 23A of the Annotated Code of Maryland (2001 Replacement Volume and 2004 Supplement) and Article VII, Section 11 of the Charter of the City of Annapolis, and by virtue of due proceedings had and taken by the City of Annapolis, particularly an Ordinance adopted July ____, 2005 (the "Ordinance").

The Bonds will mature, subject to prior redemption as herein stated, on the first days of August in the following years and aggregate amounts:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Year of Maturity</u>	<u>Principal Amount</u>
2006	\$545,000	2016	\$ 740,000
2007	560,000	2017	765,000
2008	575,000	2018	795,000
2009	590,000	2019	820,000
2010	610,000	2020	855,000
2011	630,000	2021	885,000
2012	645,000	2022	920,000
2013	670,000	2023	960,000
2014	690,000	2024	995,000
2015	715,000	2025	1,035,000

The proceeds of the Bonds will be used to (i) finance a portion of the costs of the construction, renovation, installation, improvement, redevelopment, replacement and repair of the water system, public safety buildings, public garage facilities, public vehicles and certain roads, public works and other general governmental projects, and (ii) architectural, financial, legal, planning and engineering services related thereto.

The bonds shall be issued only in fully registered form without coupons. One bond representing each maturity of each series will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), as registered owner of the bonds and each such bond shall be immobilized in the custody of DTC. DTC will act as securities depository for the bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive physical delivery of certificates representing their interest in the bonds purchased. The winning bidder, as a condition to delivery of the bonds, will be required to deposit the bond certificates representing each maturity of each series with DTC. The Bonds will bear interest payable semiannually on the first days of August and February, commencing February 1, 2006, until maturity or redemption. Interest will be paid to the persons in whose names the Bonds are registered on the registration books maintained by the Bond Registrar on the Regular Record Date, which is the fifteenth (15th) day of the month immediately preceding the month in which each such interest payment date occurs, by check mailed to each such person's address as it appears on such bond registration books.

The Bonds maturing on August 1, 2016 and thereafter are subject to redemption prior to their respective maturities, at the option of the City, either as a whole or in part at any time, in any order of maturities, at par plus accrued interest thereon to the date fixed for redemption.

1 If less than all of the Bonds of a series of any maturity shall be called for redemption,
2 the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the
3 Bond Registrar and Paying Agent in such manner as, in its discretion, it shall determine.
4 The City will not accept and will reject any bid for less than all of the above described
5 Bonds. The right is reserved to reject any and all bids.
6

7 **Electronic Bids**
8

9 Electronic bids will be received via **PARITY**, in the manner described below, until 11:00
10 a.m. local Baltimore, Maryland time, on August 11, 2005 or such other date as may be
11 selected by the Mayor.

12 Bids may be submitted electronically via **PARITY** pursuant to this Notice until 11:00 am,
13 local Baltimore, Maryland time, but no bid will be received after the time for receiving
14 bids specified above. To the extent any instructions or directions set forth in **PARITY**
15 conflict with this notice, the terms of this Notice shall control. For further information
16 about **PARITY**, potential bidders may contact **PARITY** at Dalcomp (212) 849-5021.

Disclaimer

Each prospective electronic bidder shall be solely responsible to register to bid via **PARITY** as described above. Each qualified prospective electronic bidder shall be solely responsible to make necessary arrangements to access **PARITY** for the purposes of submitting its bid in a timely manner and in compliance with the requirements of the Notice of Sale. Neither the City nor **PARITY**, shall have any duty or obligation to provide or assure access to **PARITY** to any prospective bidder, and neither the City nor **PARITY** shall be responsible for a bidder's failure to register to bid or for proper operation of, or have any liability for any delays or interruptions of, or any damages caused by, **PARITY**. The City is using **PARITY** as a communication mechanism, and not as the City's agent, to conduct the electronic bidding for the Bonds. The City is not bound by any advice and determination of **PARITY** to the effect that any particular bid complies with the terms of this Notice of Sale and in particular the "Bid Specifications" hereinafter set forth. All costs and expenses incurred by prospective bidders in connection with their registration and submission of bids via **PARITY** are the sole responsibility of the bidders, and the City is not responsible, directly or indirectly, for any of such costs or expenses. If a prospective bidder encounters any difficulty in submitting, modifying or withdrawing a bid for the Bonds, he should telephone **PARITY** at Dalcomp (212) 849-5021 and notify the City's Financial Advisor A. Samuel Ketterman at Davenport & Company LLC by facsimile at (410) 296-8517.

Electronic Bidding Procedures

Electronic bids must be submitted for the purchase of the Bonds (all or none) via **PARITY**. Bids will be communicated electronically to the City at 11:00 a.m., local Baltimore, Maryland time, on August 11, 2005 or on such other date as may be selected by the Mayor. Prior to that time on the sale date, a prospective bidder may (1) submit the proposed terms of its bid via **PARITY**, (2) modify the proposed terms of its bid, in which event the proposed terms as last modified will (unless the bid is withdrawn as described herein) constitute its bid for the Bonds, or (3) withdraw its proposed bid. Once the bids are communicated electronically via **PARITY** to the City, each bid will constitute an irrevocable offer to purchase the Bonds on the terms therein provided. For purposes of the electronic bidding process, the time as maintained on **PARITY** shall constitute the official time.

Bid Specifications

No bid of less than 100% or more than 105% of the principal amount of the Bonds plus accrued interest from August 1, 2005 to the date of delivery will be accepted. Bidders shall state in their bid the rate or rates of interest to be paid on the Bonds in multiples of one-eighth (1/8) or one-twentieth (1/20) of one percent (1%), and each bid shall be

1 based and submitted on the rate or rates stated therein. Bidders may specify more
2 than one rate of interest to be borne by the Bonds, but the difference between the
3 highest and lowest rates named may not be greater than [two and one half percent (2
4 1/2%)]. Bidders may not specify more than one rate of interest for the Bonds of any
5 single maturity. A zero rate may not be named for any maturity. [Each rate of interest
6 specified for Bonds maturing on August 1, 2017 through and including April 1, 2025
7 shall not be less than the rate of interest specified for any earlier maturity (i.e. interest
8 rates must ascend from a base year of 2016)]. The Bonds will be awarded to the bidder
9 naming the lowest true interest cost for all Bonds in any legally acceptable bid and
10 offering to pay not less par and a premium, if any, and accrued interest. The lowest true
11 interest cost will be determined by doubling the semiannual interest rate, compounded
12 semiannually, necessary to discount the debt service payments from the payment dates
13 to the date of the Bonds and to the amount bid, not including interest accrued to the
14 date of delivery. Where the bids of two or more bidders result in the same lowest true
15 interest cost, the Bonds may be apportioned between such bidders, but if this shall not
16 be acceptable, the City shall have the right to award all of the Bonds to one bidder. The
17 right is reserved to the City to reject any or all bids and to waive any irregularity or
18 informality in any bid. The City's judgment shall be final and binding upon all bidders
19 with respect to the form and adequacy of any bid received and as to its conformity to the
20 terms of this Notice of Sale. Any award of the Bonds may be made as late as 2:00 P.M.
21 on the sale date. All bids remain firm until an award is made.

22
23 Electronic bids shall be accompanied by a good faith deposit in the form of a certified
24 check upon, or a cashier's, treasurer's or official check of, a responsible banking
25 institution, payable to the order of "City of Annapolis" or a financial surety bond
26 (a "Surety Bond") from an insurance company acceptable to the City and licensed to
27 issue such a bond in the State of Maryland, in the amount of \$300,000 (the "Deposit").
28 If a Surety Bond is used, it must be submitted to the City prior to the opening of the bids
29 and must be in form and substance acceptable to the City, including (without limitation)
30 identifying the bidder whose Deposit is guaranteed by such Surety Bond. If the Bonds
31 are awarded to a bidder utilizing a Surety Bond, then such successful bidder is required
32 to submit its Deposit to the City in the form of a wire transfer not later than 12:00 P.M.
33 time on the next business day following the award. If such Deposit is not received by
34 that time, the Surety Bond may be drawn by the City to satisfy the Deposit requirement.
35 The Deposit of the successful bidder will be collected and the proceeds thereof retained
36 by the City to be applied in part payment for the Bonds, and no interest will be allowed
37 or paid upon the amount thereof, but in the event the successful bidder shall fail to
38 comply with the terms of his bid, the proceeds thereof will be retained as and for full
39 liquidated damages. The checks of the unsuccessful bidders will be returned promptly
40 after the Bonds are awarded. THE SUCCESSFUL BIDDER SHALL MAKE A BONA
41 FIDE PUBLIC OFFERING OF THE BONDS AT THE INITIAL OFFERING PRICES AND
42 SHALL PROVIDE THE RELATED CERTIFICATION DESCRIBED BELOW.

1 All Bonds herein described will constitute an irrevocable pledge of the full faith and
2 credit and unlimited taxing power of the City.

3
4 The Bonds will be issued and sold subject to approval as to legality by DLA Piper
5 Rudnick Gray Cary US LLP, Bond Counsel, whose approving opinion substantially in
6 the form included in the Preliminary Official Statement referred to below will be
7 delivered, upon request, to the purchaser or purchasers of the Bonds, without charge.

8 In order to assist bidders in complying with SEC Rule 15c2-12(b)(5), the City will
9 execute and deliver a continuing disclosure agreement on or before the date of
10 issuance of the bonds pursuant to which it will undertake to provide certain information
11 annually and notices of certain events. A description of this agreement is set forth in the
12 Preliminary Official Statement and will also be set forth in the Official Statement.

13 When delivered, the Bonds shall be duly executed and authenticated and registered in
14 the name of Cede & Co., as nominee of DTC, as registered owner of the Bonds.

15
16 It is anticipated that CUSIP identification numbers will be printed on the Bonds, but
17 neither the failure to print such number on any Bond nor any error with respect thereto
18 shall constitute cause for failure or refusal by the successful bidder to accept delivery of
19 and pay for the Bonds in accordance with the terms of this Notice of Sale.

20
21 Not later than seven (7) business days after the award of the Bonds to the successful
22 bidder on the day of sale, the City will authorize an Official Statement, which is expected
23 to be substantially in the form of the Preliminary Official Statement referred to below. If
24 so requested by the purchaser or purchasers at or before the close of business on the
25 date of the sale, the City will include in the Official Statement such pricing and other
26 information with respect to the terms of the reoffering of the Bonds by the successful
27 bidder ("Reoffering Information"), if any, as may be specified and furnished in writing by
28 such bidder. If no Reoffering Information is specified and furnished by the successful
29 bidder, the Official Statement will include the interest rates on the Bonds resulting from
30 the bid of the successful bidder and the other statements with respect to reoffering
31 contained in the Preliminary Official Statement. The successful bidder shall be
32 responsible to the City and its officials for the Reoffering Information, and for all
33 decisions made by such bidder with respect to the use or omission of the Reoffering
34 Information in any reoffering of the Bonds, including the presentation or exclusion of any
35 Reoffering Information in any documents, including the Official Statement. The
36 successful bidder will also be furnished, without cost, with up to 300 copies of the
37 Official Statement (and any amendments or supplements thereto).

38
39 Delivery of the bonds, without expense, will be made by the City to the purchaser or
40 purchasers on or about August ____, 2005, or as soon as practicable thereafter, in New
41 York, New York or at such other location as shall be mutually acceptable to the City and
42 the purchasers, and, thereupon, said purchaser or purchasers will be required to accept

1 delivery of the Bonds purchased and pay, in Federal funds, the balance of the purchase
2 price due. The Bonds will be accompanied by the customary closing documents,
3 including a no-litigation certificate, effective as of the date of delivery, stating that there
4 is no litigation pending affecting the validity of any of the Bonds. It shall be a condition
5 to the obligation of said purchaser or purchasers to accept delivery of and pay for the
6 Bonds that, simultaneously with or before delivery and payment for the Bonds, said
7 purchaser or purchasers shall be furnished a certificate or certificates of the Mayor and
8 Finance Director to the effect that, to the best of their knowledge and belief, the Official
9 Statement (and any amendment or supplement thereto) (except for the Reoffering
10 Information provided by the purchaser and information regarding DTC and DTC's book-
11 entry system provided by DTC, as to which no view will be expressed) as of the date of
12 sale and as of the date of delivery of the Bonds does not contain any untrue statement
13 of a material fact and does not omit to state a material fact necessary to make the
14 statements therein, in the light of the circumstances under which they were made, not
15 misleading and that between the date of sale and the date of delivery of the bonds there
16 has been no material adverse change in the financial position or revenues of the City,
17 except as reflected or contemplated in the Official Statement (and any amendment or
18 supplement thereto).

19
20 SIMULTANEOUS WITH OR BEFORE DELIVERY OF THE BONDS, THE
21 SUCCESSFUL BIDDER SHALL FURNISH TO THE CITY A CERTIFICATE
22 ACCEPTABLE TO BOND COUNSEL TO THE EFFECT THAT (i) THE SUCCESSFUL
23 BIDDER HAS MADE A BONA FIDE PUBLIC OFFERING OF THE BONDS AT THE
24 INITIAL REOFFERING PRICES; AND (ii) A SUBSTANTIAL AMOUNT OF THE BONDS
25 WAS SOLD TO THE PUBLIC (EXCLUDING BOND HOUSES, BROKERS AND OTHER
26 INTERMEDIARIES) AT SUCH INITIAL REOFFERING PRICES. Bond Counsel advises
27 that (i) such certificate must be made on the best knowledge, information and belief of
28 the successful bidder; (ii) the sale to the public of 10% or more in par amount of the
29 Bonds of each maturity at (or below) the Initial Reoffering Prices would be sufficient to
30 certify as to the sale of a substantial amount of the Bonds; and (iii) reliance on other
31 facts as a basis for such certification would require evaluation by Bond Counsel to
32 assure compliance with the statutory requirement to avoid the establishment of an
33 artificial price for the Bonds.

34 NOTE: The City may revise this Notice of Sale by written notice available to
35 prospective bidders by publishing notice of any revisions on TM3 News Service ("TM3")
36 at or before the time for submission of bids. Any bid submitted shall be in accordance
37 with, and incorporate by reference, this Notice of Sale including any revisions made
38 pursuant to this paragraph.

39
40 The City reserves the right to postpone, from time to time, the date established for the
41 receipt of bids. Any such postponement will be announced by TM3 by notice given not
42 later than 1:00 p.m., local Baltimore, Maryland time, on the last business day prior to

1 any announced date for receipt of bids. If any date fixed for the receipt of bids and the
2 sale of the Bonds is postponed, any Alternative Sale Date will be announced via TM3 at
3 least 48 hours prior to such Alternative Sale Date. In addition, the City reserves the
4 right, on the date established for the receipt of bids, to reject all bids and establish a
5 subsequent Alternative Sale Date. If all bids are rejected and an Alternative Sale Date
6 for receipt of bids established, notice of the alternative Sale Date will be announced via
7 TM3 not less than 48 hours prior to such Alternative Sale Date. On any such
8 Alternative Sale Date, any bidder may submit a bid for the purchase of the Bonds in
9 conformity in all respects with the provisions of this Notice of Sale except for the date of
10 sale and except for the changes announced by TM3 at the time the sale date and time
11 are announced.

12
13 In the event that all or any part of the Bonds are initially reoffered with Bond insurance
14 secured by the successful bidder, the successful bidder shall be required to notify
15 promptly the Finance Director of the City at the time of sale of such event and shall
16 provide the Finance Director with any information he reasonably requests regarding
17 such Bond insurance including the amounts paid for such insurance. The City will, at
18 the request and expense of the successful bidder, include customary language in the
19 official statement and the form of Bond regarding the insurance policy upon receipt of
20 such opinions or certificates as the City reasonably may request regarding the accuracy
21 of any information to be included in the Official Statement and the binding nature of the
22 obligations contained in the insurance policy with respect to the Bonds. The City shall
23 have no obligation to provide the successful bidder or the Bond insurance company with
24 any other documents or opinions relating to the Bonds.

25
26 The Preliminary Official Statement, together with this Notice of Sale, may be obtained
27 from the Finance Director, Municipal Building, 160 Duke of Gloucester Street,
28 Annapolis, Maryland 21401, or from Davenport & Company LLC, Suite 324, 8600
29 LaSalle Road, Towson, Maryland, 21286 (410) 296-9426. Such Preliminary Official
30 Statement is deemed final by the City as of its date for purposes of SEC Rule 15c2-12
31 but is subject to revision, amendment and completion in the Official Statement referred
32 to above.

1 **SECTION 8: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
2 **ANNAPOLIS CITY COUNCIL**, that if the Bonds are sold pursuant to the foregoing
3 Notice of Sale, the award shall be made by the Mayor or the Finance Director. The
4 Mayor or the Finance Director shall evidence the awarding of the Bonds by a written
5 order which shall state (1) the identity of the successful bidder to which the Bonds are
6 awarded and (2) the interest rate or rates to be borne by the Bonds as specified by the
7 successful bidder in the winning bid. Immediately after such sale, the Mayor or the
8 Finance Director shall cause the Bonds to be suitably printed. The Bonds shall
9 thereupon be signed, as provided above, and delivered to the successful bidder upon
10 payment of the balance of the purchase price thereof.

11
12 **SECTION 9: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
13 **ANNAPOLIS CITY COUNCIL**, that the proceeds from the sale of the Bonds shall be
14 paid to the Finance Director, who shall deduct from the proceeds of the Bonds the
15 amount paid on account of accrued interest on such Bonds, which amount he shall set
16 apart for payment on account of the first interest payment on the Bonds. After the
17 aforementioned deduction has been made, the Finance Director shall pay, from the
18 proceeds of the Bonds in his hands, all expenses incurred in the issuance of the Bonds,
19 including costs of advertising, printing, document production and reproduction, counsel
20 fees and expenses. The Finance Director shall use the balance of said proceeds for the
21 public purposes described in Section 1 hereof. In the event that the amount of funds
22 allocated to one or more Projects identified in this Ordinance exceeds the amount
23 needed for such Project, the excess may be allocated to other Projects identified in this
24 Ordinance or may be allocated to additional projects which are authorized by the Mayor
25 and City Council. If the proceeds received from the sale of the Bonds exceed the
26 amount actually expended or required for such public purposes, the amount of such
27 unexpended excess shall be set apart in a separate fund and applied to the payment of
28 the next principal maturity of the Bonds or to the redemption of any part of the Bonds or
29 to the purchase and cancellation of Bonds, unless an ordinance is adopted by Mayor
30 and City Council to provide for the expenditure of that excess for some other valid
31 purpose authorized by the Enabling Act.

32
33 **SECTION 10: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
34 **ANNAPOLIS CITY COUNCIL**, that the City covenants that it shall make such use of the
35 proceeds of the Bonds, regulate the investment of the proceeds thereof, and take such
36 other and further actions as may be required to maintain the excludability from gross
37 income for federal income tax purposes of interest on the Bonds. The Mayor and the
38 Finance Director shall be the officers of the City responsible for the issuance of the
39 Bonds within the meaning of the "Arbitrage Regulations" (defined herein).
40 The Mayor and the Finance Director shall also be the officers of the City responsible for
41 the execution and delivery (on the date of issuance of the Bonds) of a certificate of the
42 City (the "Tax and Section 148 Certificate") which complies with the requirements of

1 Section 148 of the Internal Revenue Code of 1986, as amended ("Section 148"), and
2 the applicable regulations thereunder (the "Arbitrage Regulations"), and such officers
3 are hereby authorized and directed to execute the Tax and Section 148 Certificate and
4 deliver the same to counsel rendering an opinion on the validity of the Bonds on the
5 date of the issuance of the Bonds.

6
7 The City shall set forth in the Tax and Section 148 Certificate its reasonable
8 expectations as to relevant facts, estimates and circumstances relating to the use of the
9 proceeds of the Bonds or of any moneys, securities or other obligations to the credit of
10 any account of the City which may be deemed to be proceeds of the Bonds pursuant to
11 Section 148 or the Arbitrage Regulations (collectively, "Bond Proceeds"). The City
12 covenants with each of the holders of any of the Bonds that the facts, estimates and
13 circumstances set forth in the Tax and Section 148 Certificate will be based on the
14 City's reasonable expectations on the date of issuance of the Bonds and will be, to the
15 best of the certifying officers' knowledge, true and correct as of that date.

16
17 In the event that Bonds are issued pursuant to this Ordinance with the expectation that
18 interest on such Bonds be excludable from gross income for federal income tax
19 purposes, the City covenants with each of the registered owners of any of the Bonds
20 that it will not make, or (to the extent that it exercises control or direction) permit to be
21 made, any use of the Bond Proceeds which would cause the Bonds to be "arbitrage
22 bonds" within the meaning of Section 148 and the Arbitrage Regulations. The City
23 further solemnly covenants that it will comply with Section 148 and the regulations
24 thereunder which are applicable to the Bonds on the date of issuance of the Bonds and
25 which may subsequently lawfully be made applicable to the Bonds as long as the Bonds
26 remain outstanding and unpaid. The Mayor and the Finance Director are hereby
27 authorized and directed to prepare or cause to be prepared and to execute,
28 respectively, any certification, opinion or other document, including, without limitation,
29 the Tax and Section 148 Certificate, which may be required to assure that the Bonds
30 will not be deemed to be "arbitrage bonds" within the meaning of Section 148 and the
31 regulations thereunder.

32
33 In the event that the Bonds are being issued hereunder with the expectation that
34 interest on such Bonds will be exempt from federal income taxation, the Mayor or the
35 Finance Director may make such covenants or agreements in connection with the
36 issuance of such Bonds as they shall deem advisable in order to assure the registered
37 owners of such Bonds that interest thereon shall be and remain excludable from gross
38 income for federal income tax purposes and such covenants or agreements shall be
39 binding on the City so long as the observance by the City of any such covenants or
40 agreements is necessary in connection with the maintenance of the exclusion of the
41 interest on such Bonds from gross income for federal income tax purposes. The
42 foregoing covenants or agreements may include such covenants or agreements on

1 behalf of the City regarding compliance with the provisions of the Internal Revenue
2 Code of 1986, as amended, as the Mayor or the Finance Director shall deem advisable
3 in order to assure the registered owners of the Bonds that the interest thereon is and
4 shall remain excludable from gross income for federal income tax purposes, including
5 (without limitation) covenants or agreements relating to the investment of Bond
6 Proceeds, the payment of certain earnings resulting from such investment to the United
7 States, limitations on the times within which, and the purposes for which, Bond
8 Proceeds may be expended, or the use of specified procedures for accounting for and
9 segregating Bond Proceeds. Any covenant or agreement made by the Mayor or
10 Finance Director pursuant to this paragraph shall be set forth in or authorized by the
11 Tax and Section 148 Certificate or an order executed by the Mayor or Finance Director.
12

13 **SECTION 11: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
14 **ANNAPOLIS CITY COUNCIL**, that in order to provide for the payment of the principal
15 of, and interest on, the Bonds hereby authorized when due, there shall be appropriated
16 in the next ensuing fiscal year of the City and in each fiscal year thereafter, so long as
17 any of the Bonds hereby authorized are outstanding and unpaid or until a sufficient fund
18 has been accumulated and irrevocably set aside for the purpose, an amount sufficient
19 to meet the debt service on the Bonds coming due in such fiscal year. There shall be
20 levied ad valorem taxes upon all property within the corporate limits of the City subject
21 to assessment for City taxes, in rate and amount sufficient in each such year, together
22 with other funds which the City has appropriated for such purposes, to fund such
23 appropriations and to provide, to the extent necessary, for the payment, when due, of
24 the principal of and interest on all Bonds maturing in each such fiscal year. In the event
25 the proceeds from the taxes so levied in each such fiscal year shall prove inadequate
26 for the above purposes, additional taxes shall be levied in the subsequent fiscal year to
27 make up any deficiency.
28

29 Prior to each principal and interest payment date, the City shall deposit with the Paying
30 Agent, from the tax proceeds above described and from any other funds then legally
31 available for such purpose, the amounts needed to pay the principal of and interest on
32 the Bonds hereby authorized coming due on each such payment date. All moneys so
33 deposited with the Paying Agent shall be deemed and treated by the Paying Agent as
34 trust funds for the use and benefit of the holders from time to time of the Bonds hereby
35 authorized. Any such trust funds held by the Paying Agent for the payment of particular
36 Bonds for periods of more than two (2) years respectively from the dates of such Bonds,
37 and the failure of the holders of such Bonds to present them for payment within such
38 period, shall be returned by the Paying Agent to the City and, thereafter, the holders of
39 any such Bonds shall have claims only against the City for payment of the obligations
40 held by them, and the Paying Agent shall be relieved of the trust hereby imposed.

41 To assure the performance by the City of the provisions of this Section, the full faith and
42 credit and unlimited taxing power of the City are hereby irrevocably pledged to the

1 payment to maturity of the principal of and interest on the Bonds authorized as and
2 when the same respectively mature and become payable and to the levy and collection
3 of the taxes described as and when such taxes may become necessary to provide
4 sufficient funds to meet the debt service requirements of the Bonds; this pledge is made
5 for the benefit of the holders, from time to time, of the Bonds.
6

7 The City solemnly covenants and agrees with each holder of any of the Bonds to levy
8 and collect the taxes described and to take any other action that may be appropriate
9 from time to time during the period that any of the Bonds remain outstanding and unpaid
10 to provide the funds necessary to make principal and interest payments thereon when
11 due.
12

13 **SECTION 12: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
14 **ANNAPOLIS CITY COUNCIL**, that CUSIP numbers may be printed on the Bonds;
15 however, the printing of CUSIP numbers on the Bonds (even if incorrect) shall have no
16 legal effect and shall not in any way affect the enforceability or validity of any Bond.
17 Any expenses in relation to the printing of CUSIP numbers on the Bonds, including any
18 CUSIP Service Bureau charge for assignment of such numbers, in the discretion of the
19 Finance Director, may be paid for the City from the proceeds of the Bonds.
20

21 **SECTION 13: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
22 **ANNAPOLIS CITY COUNCIL**, that the Mayor or her designee is expressly authorized
23 to approve the form of, and execute and deliver and on behalf of the City, a continuing
24 disclosure agreement to assist bidders in complying with Securities and Exchange
25 Commission Rule 15c2-12(b)(5).
26

27 **SECTION 14: AND BE IT FURTHER ESTABLISHED AND ORDAINED BY THE**
28 **ANNAPOLIS CITY COUNCIL**, that this Ordinance shall take effect upon the signing of
29 this Ordinance by the Mayor following adoption by the City Council.

1
2 **ADOPTED** this 11th day of July, 2005.
3

4
5 **ATTEST:**
6

THE ANNAPOLIS CITY COUNCIL

7
8
9 _____
10 **Deborah Heinbuch, MMC**
11 **City Clerk**

BY: _____
ELLEN O. MOYER, MAYOR

12
13 **EXPLANATION:**
14

Highlighting indicates matter added to existing
law.

~~Strike Out indicates matter deleted from existing~~
~~law.~~

Underlining indicates amendments.